

# CREATIVE CAPITAL

Part 2 of 12

Unlocking Finance Strategies

## Lock It In: Certificates of Deposit (CDs)

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Not every dollar in savings needs to be ready at a moment's notice. Some money sits for months, or even years, before you need it. If you don't need the money immediately, leaving it in a regular savings account might not be the smartest move.

That's where **Certificates of Deposit (CDs)** come in.

A Certificate of Deposit (CD) is a type of savings account where you commit to keeping your money in the bank for a **fixed period**—three months, six months, a year, or more. In exchange, the bank pays you a higher interest rate than a regular account. The trade-off: while you can **withdraw money early**, you'll usually pay a penalty and lose some or all of the interest you would have earned.

*You're already saving—why not let that money work for you?*

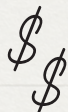
### Two ways to start

#### 1 Short-term CD:

Perfect for money you'll need soon, like camp tuition in six months or Yom Tov expenses later in the year. Lock it in, earn more interest, and have it ready when the time comes.

#### 2 CD ladder:

Instead of putting all your money in one long-term CD, split it across several CDs with different end dates—three months, six months, 12 months, etc. That way, you always have one maturing soon while earning higher rates on the longer ones.



## Why this saves you serious money

### Higher interest:

CDs often pay more than regular savings accounts. For example, \$10,000 in a 12-month CD at 4% earns \$400, compared to \$5 in a traditional savings account. (Some online savings accounts now pay competitive rates, but CDs lock in your rate even if savings rates drop.)

### Disciplined saving:

Since the money is locked, you can't dip into it on impulse. That makes it easier to stay on track for big expenses.

### Safe growth:

CDs are insured up to \$250,000 per bank (FDIC or NCUA).

### Predictability:

You know exactly how much you'll earn and when. That makes it easier to plan for upcoming costs.

stays untouched and your savings grow with extra interest.

This built-in structure reduces stress: Instead of scrambling at the last minute, you'll have a CD maturing right when you need it.

## A real-life trick

Match CDs to tangible goals. If camp tuition is due in six months, a six-month CD keeps the money safe and earns extra interest until it's needed. For ongoing needs, try laddering CDs so one matures every few months. That way, funds roll over smoothly, and you never feel locked out of your money.

And don't overlook short-term CDs. Even a three-month option can pay far more than leaving the money in a low-interest account.

## Creative Capital tip

Use CDs for money you'll need in the future, but not tomorrow. Locking in short- or medium-term savings earns more interest while keeping your financial plans on track.



## Beyond the savings

CDs are about planning smart, not locking away money forever. They work best for expenses you know are coming—such as tuition, a new appliance, or the next *simchah*—so your emergency fund

## The bottom line

CDs are safe and straightforward. They give your money a guaranteed boost without risk if you leave it in for the set time. Whether it's three months or three years, a CD helps you plan for the expenses you know are coming.

Instead of scrambling at the last minute or dipping into emergency funds, you can let the CD mature right on time and put the money to work for its exact purpose. That structure makes saving easier, steadier, and far less stressful. ●